

REPORT DRAWN UP BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. IN RELATION TO THE PROPOSAL TO AUTHORISE THE BOARD OF DIRECTORS TO ISSUE NEGOTIABLE SIMPLE FIXED INCOME SECURITIES OR DEBT INSTRUMENTS OF A SIMILAR NATURE, INCLUDING PREFERENCE SHARES, AS WELL AS FIXED INCOME SECURITIES EXCHANGEABLE FOR OR CONVERTIBLE INTO SHARES, WITH THE POWER IN THE LATTER CASE TO EXCLUDE PREEMPTIVE SUBSCRIPTION RIGHTS

1. Purpose of the Report

This report is drawn up by the board of directors of ENCE ENERGÍA Y CELULOSA, S.A. (the "**Company**") in accordance with the provisions of articles 511 of the consolidated text of the Capital Companies Act and 319 of the Companies Registry Regulations, applying by analogy the provisions of article 297.1.b) of the Capital Companies Act, to justify the proposed resolution submitted for the approval of the General Shareholders' Meeting of the Company called to be held on 30 and 31 March 2022, at 12:30 p.m., on first and second call, respectively, under **item ten** of the agenda, regarding the delegation to the board of directors of the power to issue negotiable simple fixed income securities or debt instruments of a similar nature, including preference shares, as well as fixed income securities exchangeable for or convertible into shares, with the power to exclude preemptive subscription rights.

2. JUSTIFICATION OF THE PROPOSAL

2.1. Aim and purpose

The board of directors considers it appropriate to propose the renewal of the authorisation to issue marketable simple fixed-income securities and instruments of a similar nature, including preference shares, as well as fixed-income securities exchangeable for or convertible into shares, with the power, in the latter case, to exclude preemptive subscription rights, which it had been granted by resolution of the general meeting of shareholders of 30 March 2017.

This delegation has proven to be very useful in recent years, and it is therefore considered appropriate to have a new authorisation, for a new maximum amount and a new five-year period, so that the board of directors can continue to have the delegated powers provided for in current regulations in relation to the issuance of debt.

The purpose of the delegation is to provide the Company's governing body with the room for manoeuvre and the capacity to respond required by the current economic environment, in which, as has been demonstrated in the debt issuances carried out in recent years, the success of a strategic initiative or financial transaction depends on the possibility of undertaking it in an agile and flexible manner, without the delays and costs inevitably entailed by the call and holding of a general meeting of shareholders. In this way, the Board of Directors of the Company will have the appropriate legal mechanism to enable it, if necessary or appropriate, to refinance the existing bond issuance or to raise additional funds on the market on the most advantageous terms possible, in order to implement the financing policy of the Company and its Group.

To this end, and in compliance with the established rules on bond issuance and delegating to the board of directors the power to issue the negotiable securities that are the subject of the proposal, the proposed resolutions stated under **item ten** of the agenda are submitted to the general meeting of shareholders. The proposal provides for authorisation to issue debentures, bonds and other fixed-income securities of a similar nature, both simple and exchangeable for outstanding shares of the Company or convertible into newly issued shares of the Company with

the power to exclude preemptive subscription rights up to the limit provided for in the applicable regulations in force, as well as warrants (options to subscribe or to acquire new or old shares of the Company). This proxy document may also be used to issue promissory notes and preference shares.

2.2 Amount

The proposed agreement establishes 700 million as the maximum amount for which authorization is requested to be issued, or its equivalent in another currency, notwithstanding the limitation provided for in article 297.1.b) of the Capital Companies Act (and, if applicable, in article 506) for capital increases that take place as a result of the conversion of convertible instruments.

For the purposes of calculating the above limit, in the case of promissory notes, the outstanding balance of those issued under the delegation shall be taken into account; in the case of warrants, the sum of the premiums and exercise prices of the warrants of the issues agreed under this proxy shall be taken into account. The Board of Directors considers that this limit is sufficiently broad to enable the financing policy of the Company and its Group to be implemented as indicated in section 2.1 above.

2.3 Convertible bonds issuance

The proposal also provides for the board of directors to be authorised, in the event that it decides to issue debentures or bonds, to attribute to these the status of convertible or exchangeable, and to resolve, in the event that they are convertible, to increase the capital necessary to meet the conversion, provided that this increase by proxy does not exceed half the amount of the share capital, in accordance with the provisions of article 297.1.b) of the Capital Companies Act. The proposal also contains the criteria for determining the bases and modalities of conversion or exchange of the debentures or bonds into shares, in the event that the board resolves to make use of the authorisation of the shareholders' meeting to issue convertible or exchangeable debentures or bonds, although it delegates to the board of directors itself the specification of these bases and modalities of conversion or exchange for each specific issue within the limits and in accordance with the criteria established by the meeting of shareholders. In any event, if the board decides to issue convertible or exchangeable debentures or bonds pursuant to the authorisation received from the general meeting of shareholders, it shall, at the time of approving the issuance, draw up a report explaining the specific bases and modalities of the conversion or exchange applicable to such issue and justifying the reasonableness of the financial conditions of the issue, the suitability of the conversion rate and its adjustment formulas to avoid dilution of the economic interest of the shareholders. This report and, if applicable, the report of the independent expert will be made available to the shareholders and released at the first general meeting held after the adoption of the resolution of the issue, in accordance with the provisions of sections 414, 510 and 511 of the Capital Companies Act.

2.4. Exclusion of preemptive subscription right

Furthermore, in accordance with the provisions of article 511 of the Capital Companies Act, the authorisation for the issue of fixed-income securities includes, in the event that the issue results in convertible debentures or bonds, the power of the board of directors to exclude shareholders' preemptive subscription rights when required in the company's interest. In this case, the maximum number of shares into which the debentures may be converted on the basis of their initial conversion rate, if fixed, or their minimum conversion ratio, if variable, plus the number

of shares issued by the directors pursuant to the delegation provided for in section 506, may not exceed twenty percent of the number of shares comprising the share capital at the time of authorisation. The Board of Directors understands that this possibility gives it the flexibility and agility with which it is necessary to act in today's financial markets, in order to be able to take advantage of times when market conditions are more favourable, allowing for a relative reduction in the cost of financing and the costs associated with the transaction. If the board decides to suppress preemptive subscription rights in relation to a specific issuance of debentures or convertible bonds that it may decide to make under the authorisation requested of the shareholders at a general shareholders' meeting, it shall issue a report detailing the specific reasons of corporate interest justifying such measure, which shall be subject, where appropriate and in accordance with the provisions of section 510, to the corresponding report of the auditor referred to in section 414 and 511 of the Capital Companies Act. Both reports shall be made available to the shareholders and disclosed at the first general meeting held after the adoption of the issue resolution.

2.5 Admission to negotiation

It is proposed that the necessary resolutions be adopted in accordance with the provisions in force for the securities issued under this proxy to be admitted to trading on any secondary market, whether organised or not, official or unofficial, domestic or foreign.

2.6 Issuance by group company

In addition, it may be appropriate that the activity of raising funds should be carried out by a Group company that has the full backing and guarantee of the Company. Therefore, the board of directors also requests the express authorisation of the general shareholders' meeting to guarantee, on behalf of the Company, the obligations of all kinds that may arise for the Group companies from the issuances made by them, in order to raise financing for Ence's Group, for a term identical to that of the proxy for the issue of the securities that are the subject of this report.

2.7 Delegation to the executive Commission

Finally, the proposal takes into account the express possibility that powers of any kind attributed to the board of directors may in turn be conferred by this body to the executive Commission, unless, due to their high amount or special characteristics, they may be considered non-delegable powers under section 529 ter f) of the Corporate Enterprises Act.

2.8. Other

Finally, it is proposed that the proxy resolution should render ineffective, in the amount not used, the authorisation to issue bonds or simple debentures and other fixed-income securities of a similar nature granted to the board of directors by the general meeting of shareholders held on 30 March 2017 in its **tenth item** on the agenda.

3. PROPOSED RESOLUTION TO BE SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS

Tenth. Authorisation to the board of directors, with express power of substitution, for a period of five years, to issue negotiable simple fixed-income securities or debt instruments of a similar nature, including preference shares, as well as fixed-income securities exchangeable for or convertible into shares, with the power in the latter case to exclude preemptive subscription

rights up to the limit provided for by law. Authorisation for the Company to guarantee new issues of securities by its subsidiaries. Revocation, in the unused amount, of the authorisation granted for this purpose by the Annual General Meeting of Shareholders of 30 March 2017 under its Eighth resolution on the agenda.

Motion:

It is resolved to hereby authorise the board of directors, in accordance with the general rules on bond issues, to issue negotiable simple fixed-income securities or debt instruments of a similar nature, including preference shares, as well as fixed-income securities exchangeable for or convertible into shares, with the power in this case to exclude preemptive subscription rights up to the limit provided by law, and including authorisation for the provision by the Company of guarantees on issues of the aforementioned securities by Group companies in accordance with the following conditions:

1. Securities covered by the issue The marketable securities referred to in this proxy document may be debentures, bonds and other fixed-income securities of a similar nature, whether simple or exchangeable for outstanding shares of the Company or convertible into newly issued shares of the Company, as well as warrants (options to subscribe for or to acquire new or old shares of the Company). This proxy document may also be used to issue promissory notes and preference shares.

2. Term of delegation The securities may be issued on one or more occasions, at any time, within a maximum period of five years from the date of adoption of this resolution.

3. Maximum amount The maximum total amount of the issuance of securities agreed under this delegation shall be 700 million euros or its equivalent in another currency, notwithstanding the limitation provided for in section 297.1.b) of the Capital Companies Act (and, if applicable, in section 506) for capital increases that take place as a result of the conversion of convertible instruments.

For the purposes of calculating the above limit, in the case of promissory notes, the outstanding balance of those issued under the delegation shall be taken into account; in the case of warrants, the sum of the premiums and exercise prices of the warrants of the issues agreed under this proxy shall be taken into account.

4. Scope of delegation The board of directors shall be responsible for determining, for each issue, the following, including but not limited to its amount (respecting at all times the applicable quantitative limits), the place of issue -national or foreign- and the currency, and in if it is foreign, its equivalence in euros; the type of issuance, whether they are bonds or debentures -even subordinated ones-, warrants (which may in turn be settled through the physical delivery of the shares or, where appropriate, by differences) or any other admitted by law; the date or dates of issue; the number of securities and their nominal value which, in the case of convertible or exchangeable bonds or debentures, shall not be less than the nominal value of the shares; in the case of warrants and similar securities, the issue price and the premium, the exercise price – which may be fixed or variable– and the procedure, term and other conditions applicable to the exercise of the subscription right of the underlying shares or, where appropriate, the exclusion of said right; the interest rate, fixed or variable, coupon payment procedures and dates; the nature of amortizable or perpetual, and in the first case, the amortization period and the maturity date; the guarantees, the type of reimbursement and lots and premiums; the form of representation, either through securities or book entries; and, if applicable, preferential subscription right and

subscription regime; applicable legislation; if appropriate, to apply for admission to trading on official or non-official secondary markets, organised or not, domestic or foreign, of the securities to be issued, subject to the requirements of the legislation in force in each case, and, in general, any other conditions of the issue (including subsequent amendment thereof), as well as, if appropriate, to appoint the Commissioner and approve the fundamental rules governing the legal relations between the Company and the syndicate of holders of the securities to be issued. Furthermore, the board of directors is empowered, when it deems appropriate, and subject, if applicable, to obtaining the appropriate authorisations and the approval of the meetings of the relevant unions of securities holders, to modify the conditions of redemption of the fixed-income securities issued and their respective term and the interest rate, if any, accruing on the securities included in each of the issues made under this authorisation.

5. Basis and types of conversion or exchange In the case of the issue of debentures or bonds convertible into new shares of the Company or exchangeable for outstanding shares of the Company, and for the purpose of determining the bases and types of the conversion or exchange, it is resolved to establish the following criteria:

(i) The securities shall be convertible into new shares of the Company or exchangeable for outstanding shares of the Company on the basis of a fixed or variable conversion or exchange rate, determined or determinable, and the board of directors shall have the power to determine whether they are convertible or exchangeable, and to determine whether they are voluntarily or necessarily convertible or exchangeable, and if voluntarily, whether at the option of the holder or the issuer, the frequency and the period, which shall be established in the issue resolution and may not exceed fifteen years from the date of issue.

(ii) In the event that the issuance is convertible and exchangeable, the board of directors may decide that the issuer reserves the right to choose at any time between conversion into new shares or exchange for outstanding shares, specifying the nature of the shares to be delivered at the time of conversion or exchange, or even to deliver a combination of newly issued shares with pre-existing shares, or even to settle the differences in cash. In any event, the issuer must respect the equal treatment of all holders of debt securities that it converts or exchanges on the same date.

(iii) For the purposes of conversion or exchange, fixed income securities shall be valued at their nominal amount, and shares shall be valued at the fixed exchange rate established by the board in the resolution in which it makes use of this proxy, or at the exchange rate determinable on the date/s indicated in said resolution, and according to the listed value of the Company's shares on the date/s or period/s taken as reference in said resolution, with or without discount, and in any case, with a minimum of the greater of the following two: (i) the average change of the shares on the Continuous Market of the Spanish Stock Exchanges, according to the closing rates, during the period to be determined by the board of directors, of no more than three months and no less than fifteen days, prior to the date on which the board of directors adopts the resolution to issue fixed income securities, and (ii) the change of the shares on the Continuous Market according to the closing rate on the day prior to the adoption of the aforementioned resolution to issue fixed income securities.

(iv) When the conversion or exchange takes place, the fractions of shares that may be delivered to the holder of the fixed income securities shall be rounded down to the next lower whole number, and each holder shall receive in cash the difference that may arise in such case.

(v) In accordance with the provisions of section 415 of the Capital Companies Act, the value of the share for the purposes of the conversion rate of bonds for shares may in no case be less than its nominal value.

At the time of deciding on a convertible bond issue under the authorisation granted by the meeting of shareholders, the board shall issue a report developing and specifying, in the light of the above criteria, the basis and types of the conversion specifically applicable to such issue. This report shall be accompanied, where appropriate, by the auditors' report provided for in sections 414 and 511 of the Capital Companies Act.

6. Rights of holders of convertible securities As long as the conversion or exchange into shares of the convertible securities is possible, their holders will enjoy all the rights recognised by the regulations in force.

7. Capital increase and exclusion of preemptive subscription rights on convertible securities. The delegation to the board of directors also includes, but is not limited to, the following powers:

(i) The power for the board of directors to exclude, up to the limit provided by law, the preemptive subscription rights of shareholders when this is required in order to raise funds on domestic or international markets, to use techniques for prospecting demand or when otherwise justified in the interests of the Company. In this case, the maximum number of shares into which the debentures may be converted on the basis of their initial conversion rate, if fixed, or their minimum conversion ratio, if variable, plus the number of shares issued by the directors pursuant to the delegation provided for in section 506, may not exceed twenty percent of the number of shares comprising the share capital at the time of authorisation. Likewise, the board shall issue, at the time the resolution to issue the shares is adopted, a report explaining the specific reasons of corporate interest justifying this measure, which, if applicable, shall be subject to the mandatory auditors' report in accordance with the provisions of sections 414, 510 and 511 of the Capital Companies Act. Both reports shall be made available to the shareholders and disclosed at the first general meeting held after the adoption of the issue resolution.

(ii) The power to increase capital by the amount necessary to meet requests for conversion of newly issued shares. This power may only be exercised to the extent that the board, adding together the capital increased to cover the issuance of convertible debentures or bonds, warrants and other securities similar to these and the other capital increases agreed under the authorisations granted by the Board, does not exceed the limit of half the amount of share capital provided for in section 297.1.b) of the Capital Companies Act. This authorisation to increase the capital includes the authorisation to issue and put into circulation, once or several times, the shares necessary to carry out the conversion, as well as the authorisation to amend the article of the Articles of Association relating to the amount of the share capital and, where appropriate, to cancel the part of such increase that has not been necessary to carry out the conversion.

(iii) In accordance with the criteria established in item 5 above, the power to develop and specify the bases and types of the conversion or exchange and, in general, the power to determine as many details and conditions as may be necessary or appropriate for the issue.

(iv) The delegation to the board of directors includes the broadest powers required by law for the interpretation, application, execution and development of the resolutions to issue securities convertible or exchangeable into shares of the Company, on one or more occasions, and the corresponding capital increase, also granting them powers to correct and supplement them as necessary, as well as to comply with any requirements that may be legally required to bring them

to a successful conclusion, and to rectify any omissions or defects in the said resolutions, pointed out by any national or foreign authorities, officers or bodies, and is also empowered to adopt such resolutions and execute such public or private documents as it deems necessary or advisable to adapt the aforementioned resolutions for the issue of convertible or exchangeable securities and the corresponding increase in capital to the verbal or written approval of the Commercial Registrar or, in general, of any other competent national or foreign authorities, officials or institutions. The Board of Directors shall report to the Company's General Meetings of Shareholders on the use made to date of the proxies referred to in this resolution.

8. Admission to negotiation By virtue of the proxy, the board of directors is empowered, where appropriate, to apply for admission to trading on official or unofficial, organised or not, national or foreign, secondary markets of the debentures, bonds, warrants, preference shares, promissory notes and any other securities issued by the Company by virtue hereof, carrying out in such case the necessary formalities and actions for admission to trading before the competent authorities of the various national or foreign securities markets.

9. Guarantee of securities issuance by Group companies The board of directors is also authorised to guarantee, on behalf of the Company, and within the limits indicated above, the issue of the securities indicated in point 1 above, issued by companies belonging to its Group.

10. Replacement on the Executive Commission The board of directors is authorised to confer the delegated powers referred to in this resolution to the executive Commission, unless, due to their high amount or special characteristics, they may be considered non-delegable under section 529 ter f) of the Capital Companies Act.

This resolution cancels, in the unused amount, the authorisation to issue bonds or debentures and other fixed-income securities of a similar nature granted for this purpose to the board of directors by the general meeting of shareholders held on 30 March 2017 in its eighth item on the agenda.